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OFFICE OF THE CITY CLERK
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Election Division



VOTER INFORMATION PAMPHLET



COMPILED BY ELIAS MARTINEZ, CITY CLERK

**★ SPECIAL MUNICIPAL ELECTION ★
TUESDAY, JUNE 5, 1990**

**NOTE: THE SAMPLE BALLOT
AND POLLING PLACE
LOCATION ARE BEING
MAILED UNDER SEPARATE
COVER.**

This pamphlet contains only information on ballot measures pertaining to the City of Los Angeles. It is not a sample ballot. You will receive your sample ballot with polling place location from the Los Angeles County Registrar - Recorder.

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BOND PROPOSITION G

TITLE:

Bonds for Earthquake Safety Improvements to City-Owned Bridges, Buildings, Structures, and Facilities.

THE ISSUE:

Should the City be allowed to issue \$376 million in bonds to pay for earthquake safety improvements to City buildings, bridges, structures, and facilities?

THE SITUATION:

The City has 459 bridges, 84 buildings, and other structures which need to be made earthquake safe. The cost of making these structures earthquake safe is \$376 million.

THE PROPOSAL:

This measure would allow the City to issue \$376 million in bonds to raise money to reinforce, repair or replace City-owned structures in need of earthquake safety improvements.

The bonds would be paid for by an increase in the property tax. It is estimated that the tax on the average home would be about \$28.50 each year, for 20 years.

This measure will become law only if two-thirds of the voters approve it.

ARGUMENT FOR:

The San Francisco Bay Area experienced a big earthquake last October.

A big earthquake could hit our area any time. Many of our bridges and public buildings could not withstand a powerful jolt. People could be killed or injured.

This measure will allow the City to issue bonds to make over 450 bridges and nearly 100 public buildings earthquake safe. This is the fairest way to pay for these repairs.

Earthquake safety improvements are needed. This measure will save lives and make Los Angeles a safer place.

ARGUMENT AGAINST:

None submitted.

The next 9 pages contain simplified versions of each ballot measure. The full text of each measure, along with other information, is printed after the Ballot Digest, (see TABLE OF CONTENTS Page).

A YES VOTE MEANS:

You want the City to issue \$376 million in bonds to pay for earthquake safety improvements to City-owned buildings, bridges, structures, and facilities.

A NO VOTE MEANS:

You do not want the City to issue \$376 million in bonds to pay for earthquake safety improvements to City-owned buildings, bridges, structures, and facilities.

THE FULL TEXT OF THIS MEASURE BEGINS ON PAGE 14.

CHARTER AMENDMENT H**TITLE:**

Government Ethics, Public Financing of Campaigns, Campaign Spending Limits, and Elected Officials' Salaries.

THE ISSUE:

Should the Charter be changed to:

- create a City Ethics Commission,
- establish a program for public financing of election campaigns,
- limit spending of candidates who accept public campaign funds,
- prohibit outside employment for elected City officials, and
- base salaries of Councilmembers and other elected City officials to salaries of Los Angeles Municipal Court judges?

THE SITUATION:**Government Ethics**

Federal, state, and City laws regulate actions of City officials and employees, including those relating to conflicts of interest. These laws are enforced by federal, state, and local agencies.

Campaign Finance

The Charter limits how much money a person can give to a candidate for City office. However, there are no limits on the total amount a candidate can raise or spend in an election. The City currently provides no money to candidates running for City office.

Salaries

The salaries of elected City officials are decided by the Mayor and City Council. Every other year, an independent commission reviews these salaries and recommends changes. The current salaries are: Councilmember — \$61,522; Controller — \$61,522, City Attorney — \$87,156, Mayor — \$102,537. These salaries cannot be increased more than 5% a year.

THE PROPOSAL:**Government Ethics**

This measure would create a City Ethics Commission to:

- investigate possible unethical actions by City officials,
- administer lobbyist reporting and campaign finance laws,
- hire a "special prosecutor" if requested by the City Attorney, and

- enforce the City's new ethics and conflict of interest laws, which become effective only if this measure passes.

Campaign Finance

This measure would:

- require the City to make some public funds available to qualified candidates who run for City office,
- limit the total amount of money candidates can spend in a campaign if they accept public funds, and
- require the Council to establish a special fund for public financing. The Council is required to place \$2 million each year into the fund, unless the fund exceeds \$8 million.

Salaries

This measure would:

- prohibit elected officials from receiving any compensation, including speaking fees, for work outside their City jobs,
- require elected officials to devote their entire time to their official duties,
- make the salary of a Councilmember the same as the salary of a Los Angeles Municipal Court judge (current salary of a Municipal Court judge is \$86,157). The Controller would receive 10% more, the City Attorney 20% more, and the Mayor 30% more than a Municipal Court judge. Salaries of elected City officials would change only when the salary of a Municipal Court judge is changed, and
- permit current elected officials to decline this new salary for the remainder of their term.

ARGUMENT FOR:

Clean up City government and send a message to politicians and special interests. This is a tough ethics and campaign finance law.

This measure will:

- create a special prosecutor and independent ethics commission to prosecute public officials who break the law,
- ban gifts and speaking fees to elected officials,
- ban outside employment by elected officials,
- limit spending by political candidates to reduce the influence of special interest contributors, and
- restrict lobbying by former officials.

Vote yes for government that serves the public instead of special interests:

ARGUMENT AGAINST:

This measure is a fraud that will cost you millions. It is a pay raise for politicians, not ethics reform.

The Council is already the highest paid in the nation. Now they want a 40% pay raise. They haven't earned it.

Even worse, the Mayor and Council want taxpayers to pay for their nasty election campaigns.

This measure will cost \$4 million a year. This money could be spent on police officers, libraries, and streets.

This measure does not stop special interests from buying influence at City Hall.

It duplicates work already done by the state and city.

Vote no on this pay raise scheme.

A YES VOTE MEANS:

You want to create a City Ethics Commission, establish a program for public financing of election campaigns, limit campaign spending by candidates who accept public funds, prohibit outside employment for elected City officials, and base the salaries of elected officials on the salaries of Municipal Court judges.

A NO VOTE MEANS:

You do not want to create a City Ethics Commission, establish a program for public financing of election campaigns, limit campaign spending by candidates who accept public funds, prohibit outside employment for elected City officials, and base the salaries of elected officials on the salaries of Municipal Court judges.

THE FULL TEXT OF THIS MEASURE BEGINS ON PAGE 26.

CHARTER AMENDMENT I

TITLE:

Dates for the Start of Cost of Living Increases For Certain Pensions.

THE ISSUE:

Should all surviving spouses or dependents of firefighters and police officers, who die in the line of duty, receive cost of living increases to their pensions on the 1st of July after their pensions begin?

THE SITUATION:

Each City firefighter and police officer is covered by one of three pension plans. When a member dies in the line of duty, each plan gives a pension to surviving spouses and dependents, with cost of living increases. However, the starting date for these increases is different for each plan. Two of the three plans may require a waiting period as long as five years before survivors receive cost of living increases.

THE PROPOSAL:

This Charter Amendment will allow surviving spouses and dependents of firefighters and police officers, who die in the line of duty, to receive cost of living increases to their pensions on the 1st of July after their pensions begin.

ARGUMENT FOR:

Los Angeles City firefighters and police officers risk their lives daily to protect citizens and property.

When firefighters and police officers die, the loss to their families is often made worse by City Charter rules. These rules delay cost of living increases to the pensions paid certain surviving spouses. Some surviving spouses receive cost of living increases within one year, while others have to wait up to five years.

A yes vote on this measure would remove these unfair rules from the Charter. All surviving spouses of police officers and firefighters, who die in the line of duty, would receive cost of living increases within one year.

ARGUMENT AGAINST:

None submitted.

A YES VOTE MEANS:

You want surviving spouses and dependents of firefighters and police officers, who die in the line of duty, to receive cost of living increases to their pensions on the 1st of July after their pensions begin.

A NO VOTE MEANS:

You do not want surviving spouses and dependents of firefighters and police officers, who die in the line of duty, to receive cost of living increases to their pensions on the 1st of July after their pensions begin.

THE FULL TEXT OF THIS MEASURE BEGINS ON PAGE 55.

CHARTER AMENDMENT J

TITLE:

Changes to the City's Fire and Police Pension Systems to Comply With Federal Tax Law.

THE ISSUE:

Should the City's fire and police pension systems be changed to: (a) comply with changes in federal tax law, and (b) require the City Council to make laws to maintain the current level of pension benefits for members of these pension systems?

THE SITUATION:

Currently, retirement benefits earned by members of the fire and police pension systems are not taxed until members retire. However, federal tax law affecting retirement systems has changed. These changes have placed limits on the amount of pension benefits members can earn and not be taxed on those benefits until retirement. If the City does not comply with federal tax law, pension system members could be required to pay taxes on their pension benefits while they are still working.

THE PROPOSAL:

This measure would change the City's fire and police pension systems to make them comply with federal tax law. It would also require the City Council to make laws maintaining the current level of benefits for present and future members of the pension systems. This amendment will neither increase nor decrease retirement benefits.

ARGUMENT FOR:

This measure makes the City's fire and police pension systems comply with changes in federal tax law.

It will not increase benefit costs. It requires the City Council to keep the pension systems in compliance and to maintain current benefits.

If the pension systems are not changed, they could be in violation of federal tax laws and employees could suffer serious tax effects.

Changes have already been made to other public pension plans. The City's police officers, firefighters, and paramedics should also be protected.

ARGUMENT AGAINST:

None submitted.

A YES VOTE MEANS:

You want to change the City's fire and police pension systems to: (a) comply with changes in federal tax law, and (b) require the City Council to make laws to maintain the current level of pension benefits for members of these pension systems.

A NO VOTE MEANS:

You do not want to change the City's fire and police pension systems to: (a) comply with changes in federal tax law, and (b) require the City Council to make laws to maintain the current level of pension benefits for members of these pension systems.

THE FULL TEXT OF THIS MEASURE BEGINS ON PAGE 62.

G SEISMICALLY DEFICIENT BRIDGES AND BUILDINGS GENERAL OBLIGATION BONDS, CITY OF LOS ANGELES PROPOSITION G:

Shall the City of Los Angeles incur \$376,000,000 indebtedness to reinforce, renovate and replace City-owned seismically deficient bridges and buildings?

ESTIMATE OF KEITH COMRIE, CITY ADMINISTRATIVE OFFICER, OF TAX RATE REQUIRED TO FUND SEISMICALLY DEFICIENT BRIDGES AND BUILDINGS GENERAL OBLIGATION BONDS

The bonds will be issued in phases as projects are ready. During the first year, it is estimated the tax rate will be .0042 per \$100 of assessed valuation. It is estimated that all bonds will be issued by 1994, at which time the highest tax rate of .0236 per \$100 of assessed valuation would be required. At that rate, the average homeowner would pay about \$28.50 per year.

ARGUMENT IN FAVOR OF BOND PROPOSITION G

Last October the San Francisco Bay Area was struck by a terrifying earthquake which caused massive destruction but fortunately relatively few deaths.

Our area is equally susceptible to earthquakes: the "big one" could come at any time. And we may not be as lucky as the people up north. Many of our bridges and public buildings could not withstand as powerful a jolt and a lot of people would be injured or killed.

Proposition G will save lives.

A YES vote on Proposition G will authorize the City to issue \$376 million in bonds to pay for strengthening of 450 bridges and 100 public buildings which do not meet earthquake standards. Paying for such essential work with bonds is the fairest, least burdensome way for the taxpayers of the City.

Arguments printed on this page are the opinions of the authors and are not checked for accuracy by any City agency.

Every day, each of us drives across bridges, walks over pedways and enters public buildings without thinking about their safety in an earthquake. These structures could become deathly traps in a major earthquake. Proposition G will not only strengthen these structures but will insure that our emergency vehicles—ambulances, fire trucks and police cars—will be able to get where they are needed after an earthquake.

Proposition G is a life-saving measure. It will make Los Angeles safer by eliminating or mitigating known structural hazards throughout the community.

Vote YES on Proposition G.

TOM BRADLEY
Mayor

RICHARD ALATORRE
Chairman, Council Public Safety Committee

JOHN FERRARO
President,
City Council

HAL BERNSON
Councilman, 12th District
Member, State Seismic Safety Commission

MICHAEL WOO
Councilman,
13th District

WILLIAM R. ROBERTSON
Executive Secretary-Treasurer, L.A. County Federation of Labor, AFL-CIO

DONALD O. MANNING
Chief, L.A. City Fire Department

DARYL F. GATES
Chief of Police
Los Angeles Police Department

NO ARGUMENT AGAINST THIS MEASURE WAS SUBMITTED.

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BOND PROPOSITION G

**PROPOSED SEISMICALLY DEFICIENT BRIDGES
AND BUILDINGS GENERAL OBLIGATION BONDS**

Resolution providing a proposal for the issuance of general obligation bonds to reinforce, renovate and replace City-owned seismically deficient bridges and buildings to be submitted to the qualified electors of said City.

WHEREAS, the Council finds that the issuance of general obligation bonds is the most cost effective way to raise the money necessary for the improvement, acquisition, construction or completion of municipal improvements to reinforce, renovate and replace City-owned seismically deficient bridges and buildings; and

WHEREAS, in order to issue general obligation bonds for this purpose, it is necessary to prepare an ordinance for the submission of a proposition to incur bonded indebtedness to the voters of the City; and

WHEREAS, the City of Los Angeles hereby proposes to submit to the qualified electors of the City of Los Angeles at a Special Municipal Election to be called and consolidated with the State Direct Primary Election to be held on June 5, 1990, a proposition designated as Proposition G, to incur a bonded indebtedness for purposes of reinforcing, renovating and replacing City-owned seismically deficient bridges and buildings and sets forth its determination of public interest and necessity with respect thereto;

**BE IT RESOLVED BY THE COUNCIL OF THE CITY
OF LOS ANGELES AS FOLLOWS:**

Section 1. That the public interest and necessity demand the improvement, acquisition, construction or completion of municipal improvements to reinforce, renovate and replace City-owned seismically deficient bridges and buildings, and the ordering of the preparation of an ordinance to submit a proposition to incur a bonded indebtedness of Three Hundred Seventy-Six Million Dollars (\$376,000,000) therefor, to the qualified voters of the City at a Special Municipal Election to be consolidated with the State Direct Primary Election to be held on June 5, 1990.

That said municipal improvements are necessary and convenient to carry out the objects, purposes, and powers of the City.

That the costs of the municipal improvements described hereinabove are approximately Three Hundred Seventy-Six Million Dollars (\$376,000,000), that the costs are too great to be paid out of the ordinary annual income and revenue of the City, require an expenditure greater than the amount allowed for such municipal improvements by the annual tax levy, and the amount of the principal of the indebtedness to be incurred for said municipal improvements is Three Hundred Seventy-Six Million Dollars (\$376,000,000).

Section 2. That the City Attorney is hereby directed to present to the Council the necessary ordinance ordering the submission of the proposition to incur a bonded indebtedness for the purpose set forth herein to the qualified voters of the City at a Special Municipal Election to be consolidated with the State Direct Primary Election to be held on June 5, 1990.

Section 3. That the City Clerk shall certify to the adoption and passage of this resolution by a vote of two-thirds (2/3) of all the members of the Council, and is directed to publish this resolution once in the Los Angeles Daily Journal, a daily newspaper published and circulated in the City.

H GOVERNMENTAL ETHICS; EXPENDITURE LIMITS, LIMITED PUBLIC FINANCING OF ELECTIONS; ELECTED OFFICIALS' COMPENSATION. CHARTER AMENDMENT H.

Shall Charter be amended to create Ethics Commission, authorize appointment of special prosecutor, reform Board of Referred Powers, disqualify from candidacy and remove officials convicted of conflicts of interest, limit campaign contributions, provide limited public funds to candidates who limit expenditures, require elective City officials to devote entire time to official duties, prohibit them from receiving any outside earned income, including honoraria, except from other government agencies, and relate their salaries to salaries of Municipal Court judges or, for incumbents so choosing, to current salary limitations?

IMPARTIAL SUMMARY

BY WILLIAM R. McCARLEY, CHIEF LEGISLATIVE ANALYST

This Charter amendment would create a City Ethics Commission, authorize appointment of a special prosecutor, change conflict of interest rules for City Commissioners, limit certain campaign contributions, require partial public financing of campaigns for elective City office, limit campaign spending of candidates accepting public funds, prohibit outside employment for City elected officials, and provide a new method for setting their salaries.

Ethics Commission And Conflict Of Interest Laws

The new City Ethics Commission would be composed of five appointed members confirmed by the Council. It would have the authority to investigate alleged violations of government ethics, conflicts of interest, campaign finance, and lobbyist registration laws, and to levy fines for violations. The City Clerk's current responsibilities for administration of these laws would be transferred to this Commission.

The Charter currently requires the City Attorney to prosecute misdemeanor violations of the above-referenced laws. This amendment would authorize the Commission, at the City Attorney's request, to appoint a "special prosecutor" when the City Attorney's involvement would present a conflict of interest.

The Charter now provides that if a City commissioner has a conflict of interest concerning a matter before the commission, the matter must be

transferred for action to a special board. This amendment would permit commissions to act on such matters so long as commissioners with conflict of interests do not participate. Further, commissioners would be required to divest themselves of financial interests which create significant conflicts of interest.

Campaign Contributions, Public Financing, And Campaign Spending Limits

The Charter currently limits the amount of campaign contributions from any single source. This amendment would set limits on total campaign contributions a candidate could receive from organizations such as businesses and labor unions, but there would be no such total limit on contributions from individuals.

This amendment would require the City to adopt regulations on the use of public funds to partially finance campaigns for elective City office through a system of matching City funds for qualifying campaign contributions. The City would be required to limit campaign spending by candidates who qualify for and accept City matching funds. The Council would be required to appropriate \$2,000,000 each year into a special account for City matching funds, unless that account exceeds \$8,000,000.

Elected Officials' Compensation

City elected officials would be required to devote their entire time to the duties of their offices. They would be prohibited from receiving any compensation, including honoraria, for work outside their official duties, except from governmental entities.

The Charter currently requires City elected officials' salaries to be set by the Council and the Mayor, based on recommendations of a special citizen's committee. Elected officials' salary increases are limited to 5% per year. The current salaries are: Council Members and Controller, \$61,522; City Attorney, \$87,156; and the Mayor, \$102,537.

Under this proposal, City elected officials' salaries would no longer be set by the Council and Mayor. Instead, a Council Member's salary would be set equal to the salary of Los Angeles Municipal Court judges, which currently is \$86,157. The Controller would get 10% more, the City Attorney would get 20% more, and the Mayor would get 30% more than a Los Angeles Municipal Court judge. These salaries would change only when the judges' salaries change. Current City elected officials could choose to have their salary remain the same for the balance of their current terms.

Implementing Ordinances

The Council and the Mayor have adopted ordinances which establish a new ethics code for the City and implement the public financing provisions of this amendment. Both ordinances become operative only if this amendment is approved.

ARGUMENT IN FAVOR OF PROPOSED CHARTER AMENDMENT H

Let's clean up Los Angeles City government. Let's send a message to politicians and special interests.

Vote **YES** for this tough ethics and campaign finance law, which is based upon the comprehensive findings of an independent citizens committee.

Charter Amendment H will:

- **Create a Special Prosecutor and Independent Ethics Commission** — to make sure that public officials who violate the law are prosecuted.
- **Ban Gifts and Honorariums** — so that all honorariums and all gifts from people who do business with the City are totally outlawed. Some elected City officials now get as much as \$13,000 annually in honorariums and gifts.
- **Ban Outside Employment** — to ensure that the people of Los Angeles are the sole employers of our elected City officials and that no elected official can be paid to perform services for special interests. Their sole employer being the public, elected officials' salaries would be increased and linked to those of Municipal Court judges.
- **Limit Spending by Political Candidates** — to reduce the power of special interest contributors. The corrupting influence of campaign fund-raising would also be reduced by restricting non-election period fund-raising and replacing special interest money with limited public matching funds.
- **Restrict Lobbying by Former Officials** — to ban the practice of City officials leaving office one day and returning as special interest lobbyists the next.

Join us in voting for government that serves the public — instead of special interests. **The Los Angeles Times** urges a YES vote for Charter Amendment H, saying it "will restore Los Angeles' reputation as a city that conducts its affairs in an honest, open, fair-minded manner."

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Send a message to the politicians that you want to be proud of Los Angeles and the way the City conducts the people's business.

Vote YES on Charter Amendment H

GEOFFREY COWAN

Chairman, Commission to Draft an Ethics Code for Los Angeles City Government

GWEN CORDOVA

Co-Chair, South Central Organizing Committee

ROSALIE M. GUROLA

Co-Chairman, United Neighborhood Organization

JOHN R. PHILLIPS

Chairman, California Common Cause

LOIS SAFFIAN

President, League of Women Voters of Los Angeles

RABBI ALLEN I. FREEHLING

Past President, Board of Rabbis of Southern California

DR. HERBERT RAVETCH

President Emeritus Los Angeles Pierce College

DARYL F. GATES

Chief of Police Los Angeles Police Department

REBUTTAL TO THE ARGUMENT IN FAVOR OF PROPOSED CHARTER AMENDMENT H

What does a pay raise have to do with ethics? Ask yourself whether Charter Amendment H is worth \$4 million a year in taxpayer money when:

It won't make politicians more ethical.

It won't cap campaign spending.

It won't ban outside income.

It won't stop special interest influence peddling.

Los Angeles taxpayers can't afford to waste \$4 million a year paying for political campaigns, a 40% raise for the Council, and unnecessary bureaucracies when gangs are running loose in our communities and people are homeless and starving in the streets.

The well-meaning people who have joined in this scheme wrongly think politicians will be more honorable if you pay them more. But they should know you can't buy an honest politician.

SAY NO TO THE PAY RAISE SCHEME! VOTE NO ON CHARTER AMENDMENT H !

RUTH GALANTER

Member, Los Angeles City Council Ad Hoc Ethics Committee

ZEV YAROSLAVSKY

Chairman, Los Angeles City Council Budget & Finance Committee

HOWARD H. SCHULTZ

Director, Van Nuys Homeowners Assn.

ERNANI BERNARDI

Councilman, 7th District

ED CHOLAKIAN

President, L.A. Police Department Foothill Advisory Booster Association

GREGORY THOMAS

Spokesperson, Homeowners Organized to Monitor the Environment

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GREGORY L. SMITH
Point Fermin Residents
Association

Seniors for Action
BELLE R. PALMER, President
ALFRED L. GOLDEN, Executive
Vice President

BERRILYN BRANCH
Crenshaw Homeowner

ARGUMENT AGAINST PROPOSED CHARTER AMENDMENT H

CHARTER AMENDMENT H IS A FRAUD AND WILL COST YOU MILLIONS !

Charter Amendment H is a pay raise for politicians masquerading as ethics reform. It's a fraud! The Mayor and City Council want a staggering 40 percent pay raise, but they haven't earned it.

Los Angeles has the worst crime, traffic and smog in the country — and a Council that is already the highest paid in the nation. Now, the politicians who led us into this mess want the biggest pay increase in City history. And hidden in the fine print are provisions that permit officials to rake in outside income and create an annual \$25,000 slush fund to pay for their "unofficial" business.

It's outrageous and insulting !

Even worse, the Mayor and Council want taxpayers to pay for their nasty election campaigns. Your tax dollars would pay for self-serving political TV ads and junk mail.

Charter Amendment H will cost taxpayers \$4 million a year. For that money we could hire 70 police officers, keep our libraries open longer, or pave miles of pothole-filled streets.

SPECIAL INTERESTS ARE LEFT IN, THE PEOPLE ARE LEFT OUT

Charter Amendment H does absolutely nothing to stop the special interests from buying influence at City Hall. These influence peddlers will still be able to give millions to the city's politicians.

THIS IS NOT ETHICS REFORM !

Charter Amendment H is not about ethics, and it's not about reform. It's about the biggest pay raise in city government history. This proposal creates a useless bureaucracy to do work already being done by the state and city.

The politicians had a chance to outlaw taking contributions from people doing business with the City. Instead, they voted to keep things just the way the special interests like them.

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VOTE NO ON THE PAY RAISE SCHEME ! Vote no on Charter

Amendment H.

RUTH GALANTER
Member, Los Angeles City
Council Ad Hoc Ethics
Committee

ZEV YAROSLAVSKY
Chairman, Los Angeles City
Council Budget & Finance
Committee

BELLE R. PALMER
President, Seniors for Action

RICHARD CLOSE
President, Sherman Oaks
Homeowners Association

JOEL FOX
President, Howard Jarvis
Taxpayers Association

ERNANI BERNARDI
Councilman, 7th District

BOBBI FIEDLER
Member of Congress (Retired)

JAY CURTIS
President
Los Angeles Taxpayers
Association

ROSEANNE GARRETT
Crenshaw Community Activist

BRIAN MOORE
Hollywood Community Activist

**REBUTTAL TO THE ARGUMENT AGAINST PROPOSED
CHARTER AMENDMENT H**

Elected officials can be made to live up to a higher code of ethics if we set and enforce tough rules.

Charter Amendment H is the cleanest and strictest campaign finance and ethics law in the nation:

"We have thoroughly studied these issues and strongly recommend a YES vote on H. It will bring us government which responds to the people, and not the special interests."

League of Women Voters of Los Angeles

"This tough Ethics Law requires elected City officials to set an example of how all other elected officials should behave: honestly and ethically. Under this law if elected officials betray the public trust, they can be removed from office and may go to jail. Vote YES on H."

Daryl F. Gates
Chief, Los Angeles Police Department

For more information about this issue, please contact the League of Women Voters, at (213) 939-3535, 6030 Wilshire Boulevard, #301, Los Angeles, CA 90036.

Vote YES on H.

DARYL F. GATES
Chief, Los Angeles
Police Department

LOIS SAFFIAN
President, League of Women
Voters of Los Angeles

GEOFFREY COWAN
Chairman, Commission to Draft an Ethics Code
for Los Angeles City Government

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New provisions or language added to the Charter or to existing Charter Sections are shown in **boldface** type; words deleted from the Charter or from existing Charter sections are shown in ~~strikeout~~ type.

CHARTER AMENDMENT H

PROPOSED CHARTER AMENDMENT ON GOVERNMENTAL ETHICS; EXPENDITURE LIMITS, LIMITED PUBLIC FINANCING OF ELECTIONS; ELECTED OFFICIALS' COMPENSATION.

Section 1. The Charter of the City of Los Angeles is hereby amended by adding a new Article XXXVI thereto to read as follows:

ARTICLE XXXVI CITY ETHICS COMMISSION; SPECIAL PROSECUTOR

Sec. 600. City Ethics Commission.

A. Establishment. There is hereby created a City Ethics Commission which shall have the powers, duties and responsibilities set forth in this Article and elsewhere in this Charter. The Commission shall have five members, each of whom shall be a part-time commissioner.

B. Appointment. The president of the Commission and one other member shall be appointed by the Mayor. The President of the City Council, the City Attorney and the Controller shall each appoint one member. All appointments shall be subject to confirmation by a majority of the Council.

C. Terms of Office. The members of the Commission, including the president, shall serve five-year terms beginning on July 1 and ending on June 30. The initial appointees shall be appointed within 30 days of the effective date of this Article and (except for the president who shall serve the initial five-year term) shall serve staggered one to four year terms determined by lot. No member who has served a complete five-year term shall be eligible for reappointment.

D. Qualifications. Each member of the Commission shall be a qualified elector of the City. No member or paid staff member of the citizen's commission involved with the development and preparation of this Article shall be eligible for appointment to the Commission or for appointment as the executive officer of the Commission. During his or her tenure, neither a member of the Commission nor its executive officer shall hold any other public office, participate in or contribute to a City election campaign or to a City official running for any elective office, or employ or be employed as a person required

to register as a lobbyist with the City of Los Angeles. Neither a member of the Commission nor its executive officer shall seek election to any City office concerning which the Commission has made a decision during the term of the Commissioner or executive officer unless the election for such office is to be held at least two years following the expiration of the term of office of the commissioner or executive officer.

E. Removal. Members of the Commission may be removed by the Mayor, with the concurrence of the Council by majority vote, or by a two-thirds vote of the Council, for substantial neglect of duty, gross misconduct in office, inability to discharge the powers and duties of office or violation of this Article, after written notice of the grounds on which removal is sought and an opportunity for a reply.

F. Vacancies. Appointments to fill vacancies on the Commission shall be made within thirty days, by the same appointing authority who appointed the prior holder of the position. Appointments to fill vacancies shall be for the unexpired term of the member whom the appointee succeeds. A vacancy or vacancies shall not impair the right of the remaining members to exercise the powers of the Commission.

G. Quorum. Three members shall constitute a quorum, and the concurring vote of at least three members shall be required to take any action.

H. Compensation; Expenses. Members of the Commission shall be compensated in the same manner and at the same rate as provided by Charter Section 71. The members of the Commission shall be reimbursed for expenses incurred in the performance of their official duties.

I. Executive Officer, Commission staff and Delegation of Authority.

1. The Commission shall appoint and has the authority to discharge an executive officer, who shall act in accordance with Commission policies and regulations and with applicable law. The executive officer shall serve at the will of the Commission, shall not be subject to civil service requirements or procedures, and shall have no property interest in his or her employment. The salary of the executive officer shall be set by the Council, subject to approval of the Mayor, and shall be based on a recommendation submitted by the City Administrative Officer after a review

and analysis of the responsibilities and authority vested in the position. The executive officer shall not serve the Commission for more than ten years.

2. The executive officer shall appoint and has the authority to discharge Commission staff members and prescribe their duties. Non-clerical personnel of the Commission shall serve at the will of the executive officer, shall not be subject to civil service requirements or procedures, and shall have no property interest in their employment.

3. The Commission may delegate authority to the executive officer to act on behalf of the Commission between meetings of the Commission, except that rules, regulations and adjudicatory decisions can only be acted upon by the Commission.

J. Administration and Implementation. The Commission shall have responsibility for the impartial and effective administration and implementation of the provisions of this Charter, statutes and ordinances concerning campaign financing, lobbying, conflicts of interest and governmental ethics.

K. Duties. The City Ethics Commission shall have the following duties and responsibilities:

1. To receive documents required to be filed pursuant to, and to otherwise administer, the provisions of Section 312 of this Charter and to conduct audits as otherwise set forth in that section.

2. To receive documents required to be filed pursuant to, and to otherwise administer, the provisions of the City's lobbyist registration ordinance.

3. To act as the filing officer and to otherwise receive documents in any instance where the City Clerk would otherwise be authorized to do so pursuant to Chapters 4 and 7 of the California Political Reform Act of 1974 (Government Code Section 81000, et seq.), as amended.

4. To audit campaign statements and other relevant documents and investigate alleged violations of state law, this Charter and City ordinances relating to limitations on campaign contributions and expenditures, governmental ethics and conflicts of interest and to report the findings to the City Attorney and other appropriate enforcement authorities. Audits shall be conducted of every candidate receiving public matching funds and may be conducted of other candidates and committees involved in City elections.

5. To provide assistance to agencies and public officials in administering the provisions of this Charter and other laws relating to campaign finance, conflicts of interest and governmental ethics.

6. To make recommendations to the Mayor and the Council concerning campaign finance reform, governmental ethics and conflicts of interest and to report to the Council every three years concerning the effectiveness of such laws.

7. To maintain a whistle-blower hot line.

8. To annually adjust the limitation and disclosure thresholds required by City law to reflect any increases or decreases in the Consumer Price Index. Such adjustments shall be rounded off to the nearest hundred dollars for the limitations on contributions and the nearest thousand dollars for the limitations on expenditures and the matching fund provisions of relevant ordinances.

9. To assist departments in developing their conflict of interest codes as required by state law.

10. To advocate understanding of the Charter, City ordinances and the roles of elected and other public officials, City institutions and the City electoral process.

11. To have full charge and control of its office, to be responsible for its proper administration, to submit annually a proposed budget and to expend the funds of the office, all as otherwise prescribed by law.

12. To receive grants, gifts and appropriations, subject to the approval of the Council.

L. Rules and Regulations.

1. The Commission may adopt, amend and rescind rules and regulations, subject to Council approval without modification, to carry out the purposes and provisions of this Charter and ordinances of the City relating to campaign finance, conflicts of interest and governmental ethics and to govern procedures of the Commission.

2. Within forty-five (45) days after a rule or regulation is adopted by the Commission, the Council shall hold a public hearing concerning the matter and act to approve or disapprove such rule or regulation in the form approved by the Commission. If approved

by the Council by ordinance, the rule or regulation shall have the force of law, and violation of the rule or regulation shall be subject to such penalties and remedies as may be provided by ordinance.

M. Additional Duties. Pursuant to the provisions of Subsection L, the Commission shall:

1. Prescribe forms for reports, statements, notices and other documents required by this Charter, by ordinances, or by other laws, relating to campaign financing, conflicts of interest and governmental ethics.

2. Prepare and publish manuals and instructions setting forth methods of bookkeeping, preservation of records to facilitate compliance with and enforcement of the above laws, and explaining applicable duties of persons and committees.

3. Develop an educational program consisting of the following components:

(a) Seminars, when deemed appropriate, to familiarize newly elected and appointed officers and employees, candidates for elective office and their campaign treasurers, and lobbyists with City, state and federal ethics laws and the importance of ethics to the public's confidence in municipal government.

(b) Annual seminars for top-level officials, including elected officers and commissioners, to reinforce the importance of compliance with and to inform them of any changes in the law relating to conflicts of interest and governmental ethics.

(c) A manual which will include summaries, in simple, non-technical language, of ethics laws and reporting requirements applicable to City officers and employees, instructions for completing required forms, questions and answers regarding common problems and situations, and information regarding sources of assistance in resolving questions. The manual shall be updated when necessary to reflect changes in applicable City, state and federal laws governing the ethical conduct of City employees.

N. Requests For and Issuances of Opinions; Advice.

1. Any person may request the Commission to issue a written opinion with respect to his or her duties under provisions of this Charter or any ordinance relating to campaign finance, conflicts of interest or governmental ethics. The Commission shall, within 14 days, either issue a written opinion or advise the person who

made the request whether an opinion will be issued. No person who acts in good faith on a written opinion issued to him or her by the Commission shall be subject to criminal or civil penalties for so acting, provided that the material facts are as stated in the opinion request. The Commission's opinions shall be public records and may from time to time be published.

2. Any person may request the Commission to provide written advice with respect to the person's duties under provisions of this Charter or any ordinance relating to campaign finance, conflicts of interest or governmental ethics. Such advice shall be provided within 21 working days of the Commission's actual receipt of the request, provided that the time may be extended by the Commission for good cause. Reliance on such advice, or the failure of the Commission to provide such advice within 21 working days of its receipt of the request, or within the extended time for response, shall be a complete defense in any enforcement proceeding initiated by the Commission, and evidence of good faith conduct in any other civil or criminal proceeding if the requester, at least 21 working days prior to the alleged violation, requested written advice from the Commission in good faith, disclosed truthfully all the material facts, and committed the acts complained of either in reliance on the advice or because of the failure of the Commission to provide advice within 21 days of the request or such later extended time.

O. Investigations and Enforcement Proceedings.

1. **Conduct of Elected Officials, Members of certain Boards and Commissions, Candidates and Others.** The Commission shall conduct investigations in accordance with this subdivision of (1) alleged violations of this Charter and City ordinances relating to campaign financing and lobbying; and (2) alleged violations of this Charter and City ordinances relating to conflicts of interest and governmental ethics by the Mayor, the City Attorney, the Controller, members of the City Council and members of the City boards and commissions who serve as the heads of their respective departments or agencies, and by other persons other than in their capacities as officers and employees of the City.

(a) **Investigations.**

(i) If the Commission, upon the sworn complaint of any person or on its own initiative, first determines that there is sufficient cause to conduct an investigation, it shall investigate alleged violations of this Charter or City ordinances relating to campaign financing, lobbying, conflicts of interest

and governmental ethics. A complaint filed with the Commission shall be investigated only if it identifies the specific alleged violation which forms the basis for the complaint and contains sufficient facts to warrant an investigation.

(ii) Within 14 days after receipt of a complaint, the Commission shall notify in writing the person who made the complaint of the action, if any, the Commission has taken or plans to take on the complaint, together with the reasons for such action or non-action. If no decision has been made within 14 days, the person who made the complaint shall be notified of the reasons for the delay and shall subsequently receive notification as provided above.

(iii) The investigation shall be conducted in a confidential manner. Records of any investigation shall be considered confidential information pursuant to Section 18362 of the California Code of Regulations, as amended, or successor provision. Any member or employee of the Commission or other person who, prior to a determination concerning probable cause pursuant to Subsection P, discloses information about any preliminary investigation, except as necessary to conduct the investigation, shall be liable to pay a monetary penalty pursuant to Subsection Q. The unauthorized release of confidential information shall be sufficient grounds for the termination of the employee or removal of the commissioner responsible for such release. The termination of clerical employees only shall be subject to applicable civil service laws and procedures.

(b) Findings of Probable Cause. No finding of probable cause to believe that a provision of this Charter or City ordinances relating to campaign financing, lobbying, conflicts of interest or governmental ethics has been violated shall be made by the Commission unless, at least 21 days prior to the Commission's consideration of the alleged violation, the person alleged to have committed the violation is notified of the alleged violation by service of process or registered mail with return receipt requested, is provided with a summary of the evidence, and is informed of his or her right to be present in person and represented by counsel at any proceeding of the Commission held for the purpose of considering whether probable cause exists for believing the person committed the violation. Notice to the alleged violator shall be deemed made on the date of service, the date the registered mail receipt is signed, or, if the registered mail receipt is not signed, the date returned by the post

office. A proceeding held for the purpose of considering probable cause shall be private unless the alleged violator files with the Commission a written request that the proceeding be public.

(c) Administrative Orders and Penalties.

(i) When the Commission determines there is probable cause for believing a provision of this Charter or City ordinance has been violated, it may hold a public hearing to determine if such a violation has occurred. When the Commission determines on the basis of substantial evidence presented at the hearing that a violation has occurred, it shall issue an order which may require the violator to:

- a. Cease and desist the violation;
- b. File any reports, statements or other documents or information required by law; and/or
- c. Pay a monetary penalty to the General Fund of the City of up to five thousand dollars (\$5,000) for each violation or three times the amount which the person failed to report properly or unlawfully contributed, expended, gave or received, whichever is greater.

When the Commission determines that no violation has occurred, it shall publish a declaration so stating.

(d) Any person who violates any provision of this Charter or of a City ordinance relating to campaign financing, lobbying, conflicts of interest or governmental ethics, or who causes any other person to violate any such provision, or who aids and abets any other person in such violation, shall be liable under the provisions of this section.

2. Conduct of Appointed Officers and City Employees. The Commission shall conduct investigations of alleged violations of this Charter and City ordinances relating to conflicts of interest and governmental ethics by appointed officers and employees, and shall impose penalties and other sanctions for such violations, as may be prescribed by ordinance.

P. Divestiture. In the event a member of a City board or commission is disqualified during any 365 day period from acting on (1) three or more agenda matters by reason of the same investment in a business entity, the same interest in real property or the same source of income, or (2) 1% or more of the matters pending before the board or commission by reason of any investments in business

entities, any interests in real property or any sources of income, the Commission shall examine the nature and extent of the conflicts and shall determine whether the member has a significant and continuing conflict of interest. If the Commission so determines, it shall order divestment of the conflicting investment, interest or source of income. The Council may, by ordinance, impose additional requirements to assure that continuing conflicts of interest by members of boards and commissions are adequately monitored and avoided.

Q. Legal Services. The City Attorney shall provide legal services to the Commission. Notwithstanding Section 42 of the Charter, the Commission may employ or contract for staff counsel to give advice to the Commission and to take such action as the Commission may direct on matters which directly involve the conduct of the City Attorney, his or her office, or his or her election campaign.

R. Subpoena Power.

1. The Commission and any special prosecutor may subpoena witnesses, compel their attendance and testimony, administer oaths and affirmations, take evidence and require by subpoena the production of any books, papers, records or other items material to the performance of the Commission's duties or exercise of its powers.

2. Unless and until the City Attorney is given access to the Grand Jury on the same basis as the District Attorney for the purpose of enforcing state and City conflicts of interest, ethics and campaign finance laws and regulations, the City Attorney shall be given the same authority as the Commission in Subdivision 1.

S. Judicial Review. Any interested person may seek judicial review of any action of the Commission.

Sec. 601. Appointment of Special Prosecutor.

A. Notwithstanding Charter Section 42, when the City Attorney determines that his or her office has a possible conflict of interest and that his or her office therefore should not investigate or prosecute alleged violations of this Charter, City ordinances or regulations, or statutes relating to campaign financing, lobbying, conflicts of interest or governmental ethics, the City Attorney shall so notify the City Ethics Commission, which by a four-fifths vote of all of its members may request the appointment of a special prosecutor to conduct the investigation. A special prosecutor shall not be

appointed when it appears from a preliminary investigation that an alleged violation will warrant only an action for civil damages or administrative penalties.

B. The request for the appointment of a special prosecutor shall be made to a standing committee composed of three retired judges selected by the Commission at the beginning of each odd-numbered year. The three judge panel shall name the special prosecutor, who upon such appointment shall have the authority to file and prosecute criminal and civil actions in the name of the People.

C. Each fiscal year there shall be included in the budget of the City Ethics Commission the sum of \$250,000 for expenditure to support any special prosecutor appointed pursuant to this section. In the event that all such funds have been or are likely to be expended before the end of any fiscal year, the Commission may request the Council for an additional appropriation. Under no circumstance shall the amount appropriated or provided under contract for a special prosecutor exceed \$250,000 in any fiscal year without Council approval. The Council shall have thirty (30) days (excluding weekends and holidays) following its receipt to accept, reject, or modify such a request from the Commission. The Mayor shall act on the Council's action within five days (excluding weekends and holidays). If the Mayor vetoes the Council's action, the Council shall have five days (excluding weekends and holidays) to override that veto by a two-thirds vote.

D. A special prosecutor appointed pursuant to this section may be removed from office only by the action of the Commission, and only for good cause, physical disability, mental incapacity, or any other condition that substantially impairs the performance of the special prosecutor's duties.

Sec. 602. Transfer of Powers. Notwithstanding Section 32.1 of the Charter, the Mayor and City Council shall not transfer powers, duties or functions of the Commission to any department, bureau, board or other agency.

Sec. 603. Appropriation. The City Council shall appropriate funds for the Commission for the first two years after the effective date of this Article. Such funds shall be appropriated into a special fund to be established by ordinance. The Council shall thereafter appropriate funds for the Commission at least one year in advance of each subsequent fiscal year.

Sec. 604. Conflict with other Charter Provisions. In the event any provision of this Article conflicts with other provisions of this Charter, this Article shall prevail.

Sec. 605. Authority. This Article is adopted pursuant to and under the authority of Article XI, Section 5 of the California Constitution, and California Government Code Section 81013.

Sec. 2. Subsection B of Section 312 of the Charter of the City of Los Angeles is hereby amended by adding a new Subdivision 3 thereto to read as follows:

3. The term "election" shall include a primary nominating election, a general municipal election, a special election and a recall election.

Sec. 3. Subdivisions 1, 2, 3, 4, 5, 6 and 7 of Subsection C of Section 312 of the Charter of the City of Los Angeles are hereby amended to read as follows:

1. No intended candidate for any elective City office, and no committee acting on behalf of such candidate, shall solicit or accept, or cause to be solicited or accepted, any contribution for use in any election for such office unless and until such candidate shall have filed a Declaration of Intent to Solicit and Receive Contributions in connection with candidacy for a specific elective City office. That declaration shall be filed with the City Clerk Ethics Commission on a form prescribed by the City Clerk Ethics Commission. Once the election takes place, the declaration is thereafter void. No person may file such declaration for more than one elective City office nor have more than one such declaration on file at the same time. A candidate may, however, file a form cancelling one declaration and may thereafter file a new declaration.

2. If a special election is held in the months of January, February, March, July, August or September, then each candidate for elective City office in the special election and each committee acting on behalf of that candidate shall file a post-election campaign statement with the Office of the City Clerk Ethics Commission not later than 65 days after the election. This filing requirement is in addition to, separate from, and does not supersede any filing requirement imposed by the Political Reform Act of 1974 as amended.

3. A candidate for City office concurrent with filing a Declaration of Intent to Solicit and Receive Contributions shall file with the Office of the City Clerk Ethics Commission on a form prescribed by the City Clerk Ethics Commission the names of any committees controlled by

the candidate, the treasurers of those controlled committees, campaign officers and all agents with authority to receive contributions and make expenditures, and a statement of each person's responsibilities and duties. Such statement shall be signed by each of the persons named in the statement. A candidate shall amend this statement within ten business days of forming new controlled committees, or replacing or adding treasurers, campaign officers or agents.

4. The candidate and the treasurers of the candidate's controlled committees shall file with the Office of the City Clerk Ethics Commission on a form prescribed by the City Clerk Ethics Commission a statement under oath that the candidate and the treasurers have read and understood Section 312. This statement shall be filed concurrent with the filing of the Declaration of Intent to Solicit and Receive Contributions.

5. ~~No person other than a candidate shall make, and no person or candidate shall solicit or accept, any contribution which shall cause the total amount contributed by such person with respect to a single election for Member of the City Council, in support of or opposition to a candidate for such office, including contributions to all committees supporting or opposing such candidate, to exceed \$500.~~

~~No person shall contribute a total of more than \$500 to any candidate for City Council and to his or her controlled committee for a single election. A candidate for City Council and his or her controlled committee shall not accept any contribution or contributions totaling more than \$500 from any person for a single election. Nothing in this section is intended to limit the amount a candidate may contribute to his or her campaign for City Council from his or her personal funds.~~

6. ~~No person other than a candidate shall make, and no person or candidate shall solicit or accept, any contribution which will cause the total amount contributed by such person with respect to a single election for Mayor, City Attorney or Controller, in support of or opposition to a candidate for such office, including contributions to such candidate and any controlled committees of any candidate, to exceed \$1,000.~~

~~No person shall contribute a total of more than \$1,000 to any candidate for Mayor, City Attorney or Controller and to his or her controlled committee for a single election. A candidate for Mayor, City Attorney or Controller, and or his or her controlled committee, shall not accept any contributions or contributions totaling more than \$1,000 from any person for a single election. Nothing in this~~

section is intended to limit the amount a candidate can contribute to his or her candidacy for Mayor, City Attorney or Controller from his or her personal funds.

7. No person shall make, and no person or candidate shall solicit or accept, any contribution which will cause the total amount contributed by such person with respect to a single election for Mayor, City Attorney or Controller in support of or opposition to a candidate for such office, including contributions to all committees supporting or opposing such candidate other than controlled committees, to exceed \$500.

No person shall make to any committee (other than the candidate's controlled committee) which supports or opposes any candidate for Mayor, City Attorney, Controller or City Council, and no such committee shall accept from any such person, a contribution or contributions totaling more than \$500 in any calendar year.

Sec. 4. Subdivision 9 of Subsection C of Section 312 of the Charter of the City of Los Angeles is hereby amended to read as follows:

9. No person shall make, and no person shall solicit or accept, any contribution which would cause the total amount contributed by that person to independent committees that make independent expenditures in support of or in opposition to candidates for Member of the City Council to exceed \$500.

Contributions From Persons Other than Individuals.

(a) **No candidate for City Council, together with the controlled committee of such candidate, shall accept more than a total of \$150,000 in contributions from persons, other than individuals, in connection with any election.**

(b) **No candidate for City Attorney or Controller, together with the controlled committee of such candidate, shall accept more than a total of \$400,000 in contributions from persons, other than individuals, in connection with any election.**

(c) **No candidate for Mayor, together with the controlled committee of such candidate, shall accept more than a total of \$900,000 in contributions from persons, other than individuals, in connection with any election.**

(d) **If a candidate for elective City office declines matching funds and receives contributions or spends an amount exceeding the applicable expenditure ceilings, this subdivision shall not apply to any of the candidates for the same office.**

Sec. 5. Subdivision 11 of Subsection C of Section 312 of the Charter of the City of Los Angeles is hereby amended to read as follows:

11. Except as provided in Subsection K, any contributions solicited or accepted pursuant to this section shall be expended only in connection with the candidacy for the office specified in the candidate's Declaration of Intent to Solicit and Receive Contributions. Contributions solicited or accepted pursuant to this section for one individual shall not be expended for the candidacy of any other individual or in support of or in opposition to any City ballot measure. **No candidate and no committee controlled by a candidate for elective City office or elected City officer shall use contributed funds to make any contribution to any other candidate running for office or to any committee supporting or opposing a candidate for office. Provided, however, a candidate shall not be prohibited from making a contribution from his or her own personal funds to his or her own candidacy, to the candidacy of any other candidate for elective City office or in support of or in opposition to any City ballot measure.**

Sec. 6. Paragraph (1) of Subdivision 12 of Subsection C of Section 312 of the Charter of the City of Los Angeles is hereby amended to read as follows:

(1) Notice of the candidate's intent to so expend or contribute shall be provided by registered mail to all opponents and to the City Clerk Ethics Commission at least 30 days in advance of the election, specifying the amount intended to be expended or contributed; and

Sec. 7. Subsection G of Section 312 of the Charter of the City of Los Angeles is hereby amended to read as follows:

G. Campaign Contribution Checking Account. One campaign contribution checking account shall be established by each candidate for elective City office, and by each committee supporting or opposing such candidate, at an office of a bank or savings and loan institution located in the City of Los Angeles. Upon opening such account, the candidate shall file with the Office of the City Clerk Ethics Commission on the next regular business day on which the office is open, the name of the bank or savings and loan institution and the account number. Funds shall only be disbursed from such account by checks signed by the candidate, treasurer or designated agent of the treasurer. A candidate, treasurer, or designated agent of the treasurer shall deposit into this campaign checking account all contributions received in connection with a City election. A candidate, treasurer or designated agent of the treasurer shall pay all campaign expenditures for a City election with monies from this campaign checking account.

If a candidate has other controlled committees and such committees have checking accounts, the candidate shall notify the City Clerk

Ethics Commission in writing of these committees and the names and addresses of the banks or savings and loan institutions and the account numbers of any such accounts. A candidate shall notify the **Office of the City Clerk Ethics Commission** of these committees, the banks or savings and loan institutions, and the account numbers concurrent with the filing of the Declaration of Intent to Solicit and Receive Contributions. If committees are thereafter formed or accounts thereafter opened, then the candidate shall notify the **Office of the City Clerk Ethics Commission** on the next regular business day on which the office is open. No contribution shall be commingled with the personal funds of the candidate or any other person.

This subsection shall not prohibit the establishment of savings accounts or certificates of deposit, provided that no campaign expenditures may be made therefrom.

Sec. 8. The second unnumbered paragraph of Subsection H of Section 312 of the Charter of the City of Los Angeles is hereby amended to read as follows:

The candidate and the treasurer shall sign and approve an authorization for payment by the treasurer or treasurer's designated agent of any campaign expenditure over \$1,000 on a form prescribed by the **City Clerk Ethics Commission**. It shall be the duty of the candidate and the treasurer to approve and authorize such payments and to retain such authorizations, detailed accounts, records, bills and receipts.

Sec. 9. Subsection N of Section 312 of the Charter of the City of Los Angeles is hereby amended to read as follows:

N. Suppliers of Goods and Services — Disclosure of Records Required. No person who supplies goods or services or both goods and services to a candidate or committee for use in connection with the campaign for an elective City office shall knowingly refuse to divulge or disclose to the **City Clerk Ethics Commission** or to any public officer having legal authority to enforce this section, the details and the records supporting such details of any expenditures made by the candidate or committee in payment for such goods or services or both.

Sec. 10. Subsection O of Section 312 of the Charter of the City of Los Angeles is hereby amended to read as follows:

O. Duties of City Clerk Ethics Commission. The **City Clerk Ethics Commission** shall administer the provisions of this section. In addition to other duties required of the **City Clerk Ethics Commission** under the terms of this section, the **City Clerk Ethics Commission** shall:

(a) Supply appropriate forms and manuals prescribed by the California Fair Political Practices Commission. These forms and manuals shall be furnished to all candidates and committees, and to all other persons required to file reports.

(b) Determine whether required documents have been filed and, if so, whether they conform on their face with the requirement of this section and state law.

(c) Notify promptly all persons and known committees who have failed to file a document in the form and at the time required by state law.

(d) Report apparent violations of this section and applicable state law to the City Attorney.

(e) Compile and maintain a current list of all statements or parts of statements filed with the **City Clerk's Office Ethics Commission** pertaining to each candidate and each measure.

(f) Conduct audits and investigations of reports and statements filed by candidates and committees supporting or opposing candidates for City offices as required under both the Political Reform Act of 1974 as amended and this section. The **City Clerk Ethics Commission** shall employ investigators where necessary to fully investigate candidate spending and reporting.

(g) Enforce or cause to be enforced the provisions of this section pursuant to Subdivision (c) of Section 90002 of the Government Code. The **City Clerk Ethics Commission** may subpoena witnesses, compel their attendance and testimony, administer oaths and affirmations, take evidence and require by subpoena the production of any books, papers, records or other items necessary to the audit and investigation of candidates for election to City office.

Sec. 11. A new Section 313 is hereby added to the Charter of the City of Los Angeles to read as follows:

Sec. 313. Public Matching Funds and Campaign Expenditure Limitations.

A. Findings and Purposes.

1. Monetary contributions to political campaigns are a legitimate form of participation in the American political process, but the financial strength of certain individuals or organizations should not permit them to exercise a disproportionate or controlling influence on the election of candidates.

2. Therefore, this section is enacted to accomplish the following purposes:

(a) To assist serious candidates in raising enough money to communicate their views and positions adequately to the public without excessive expenditures or contributions, thereby promoting public discussion of the important issues involved in political campaigns.

(b) To limit overall expenditures in campaigns, thereby reducing the pressure on candidates to raise large campaign funds for defensive purposes, beyond the amount necessary to communicate reasonably with voters.

(c) To provide a source of campaign financing in the form of limited public matching funds.

(d) To substantially restrict fund-raising in non-election years.

(e) To increase the value to candidates of smaller contributions.

(f) To reduce the excessive fund-raising advantage of incumbents and thus encourage competition for elective office.

(g) To help restore public trust in governmental and electoral institutions.

B. Matching Funds and Expenditure Limitations Authorization.

The City shall also adopt by ordinance limitations on campaign expenditures by candidates for elective City office who qualify for and accept public matching funds. The City shall adopt by ordinance regulations concerning the use of public funds to partially finance campaigns for elective City office through a system of matching public funds for qualifying campaign contributions. Such ordinances may be amended to further the purposes of this section of the Charter.

C. Appropriation of Funds.

1. The City Council shall appropriate \$2,000,000 per fiscal year for public matching funds, subject to the limitations in Subdivision 2, below. The Council shall immediately appropriate said funds upon the effective date of this section and shall thereafter appropriate such funds for each following fiscal year. The amount of such appropriation shall be adjusted for cost of living changes

based on the percentage increase or decrease in the Consumer Price Index (for all items other than housing) for the Los Angeles-Long Beach metropolitan statistical area.

2. All such funds shall be appropriated into a trust fund established by the Council by ordinance with interest accruing to the fund. The amount in the trust fund shall not exceed \$8,000,000 in any fiscal year, and the amount otherwise required herein to be appropriated annually to that fund shall be reduced by the amount estimated as necessary to comply with such limitation. Such amount shall be adjusted for cost of living changes based on the percentage increase or decrease in the Consumer Price Index (for all items other than housing) for the Los Angeles-Long Beach metropolitan statistical area.

3. If there are insufficient funds to provide the maximum matching funds available to a candidate in any election, as specified by ordinance, the limitations on total contributions from persons other than individuals imposed by Section 312 of this Charter shall not apply to any of the candidates for the same office.

4. The funds used to make payments for matching funds shall come exclusively from City sources of revenues.

D. Interim Funds.

Notwithstanding any other provisions of this Charter, any contributions received for a City campaign subsequent to the operative date of Charter Section 312, as originally adopted, and before July 1, 1991, and which are not expended for costs incurred in a campaign for elective City office conducted prior to July 1, 1991, may only be expended as follows:

1. Returned on a pro rata basis to those who made said contributions.

2. Paid to the City Treasurer for deposit to the General Fund of the City.

3. Donated to one or more charitable organizations qualifying for federal income tax exemption.

This restriction shall not apply to funds held in legal expense funds and officeholder funds, nor to City elections held during 1991.

Sec. 12. Section 28.1 of the Charter of the City of Los Angeles is hereby amended to read:

~~Sec. 28.1. In the event the City Attorney is requested by any board, or member thereof, officer, except a member of the Council, or employee, to render an opinion upon the question of such board's, board member's, officer's or employee's prohibited interest under Section 28 of this Charter, the City Attorney shall render a written opinion upon such question. Such board, board member, officer or employee may likewise request an opinion from the City Attorney regarding any situation wherein it may not be in the public interest for such board, board member, officer or employee to act in a particular matter, contract, sale or transaction and the City Attorney shall render a written opinion thereon.~~

~~In the event that pursuant to such request the City Attorney determines, by written opinion, that such board or board member, officer or employee has a prohibited interest under Section 28 of this Charter, or that it is not in the public interest for such board, board member, officer or employee to act in the matter, contract, sale or transaction involved, the same shall be transferred for action thereon to the Board of Referred Powers, which is hereby created.~~

Any board, or member thereof, officer, or employee may request the City Attorney to render an opinion concerning such board's, board member's, officer's, except a member of the Council, or employee's prohibited interest under Section 28 of this Charter, or concerning any situation wherein it may not be in the public interest for such board, board member, officer or employee to act in a particular matter, contract, sale or transaction. Likewise, any elected City officer may request such an opinion with respect to any board member.

If the City Attorney receives such a request, the City Attorney shall render a written opinion thereon. If the request is made by an elected City officer concerning a board member, the opinion shall be rendered within ten days of the City Attorney's receipt of the request; provided, however, that if the City Attorney determines that such request does not contain sufficient information upon which to render an opinion, the City Attorney shall so notify the person making the request, and the time within which the City Attorney must render the opinion shall not commence until that information has been provided to the City Attorney.

If the City Attorney renders an opinion concluding that such board, board member, officer or employee has a prohibited interest under Section 28 of this Charter, or that it is not in the public interest for such board, board member, officer or employee to act in the matter, contract, sale or transaction involved, such board, board

member, officer, or employee shall be disqualified from acting on, or in any way attempting to influence action on the matter and, except as otherwise hereinafter provided, the matter shall be transferred for action thereon to the Board of Referred Powers which is hereby created. In the event that one or more members of a board, but less than a quorum, are disqualified from acting pursuant to the opinion of the City Attorney, the member or members so disqualified shall not act on the matter, but the matter shall not be transferred to the Board of Referred Powers; provided, however, that if state law makes it unlawful for the board to act in the matter by reason of the disqualification of one or more members, the matter shall be transferred for action thereon to the Board of Referred Powers.

Unless such a transfer is prohibited by an applicable general law of the State of California, the Board of Referred Powers is vested with the same power to act upon any matter, contract, sale or transaction so transferred to it with the same force and effect as if acted upon by the board, officer or employee from whom the matter, contract, sale or transaction was transferred. The Council shall provide by ordinance for all matters relating to number of members, appointment and functioning of the Board of Referred Powers and the procedure applicable in referring matters to it for its determination.

Sec. 13. A new unnumbered paragraph is hereby added to Section 307 of the Charter of the City of Los Angeles to read:

No person shall be eligible to file a notice of intention to run for City office or for appointment to any elective City office, under this Charter who, within the prior four years, was convicted of a violation of the conflict of interest or governmental ethics provisions of this Charter or City ordinances, unless the court at the time of sentencing specifically determines that this provision shall not apply.

Sec. 14. A new unnumbered paragraph is hereby added to Section 316.2 of the Charter of the City of Los Angeles to read:

All candidates for Mayor, City Attorney, Controller and member of the City Council shall file Statements of Economic Interests which itemize investments, interests in real property and income, except for gifts, received in the previous 12 month period. Such statements shall be filed to the City Ethics Commission no later than the final filing date for filing the declaration of candidacy. A declaration of candidacy shall not be considered complete for filing unless such a Statement of Economic Interests has been submitted by the final filing date for the declaration of candidacy.

Sec. 15. The first unnumbered paragraph of Section 9 of the Charter of the City of Los Angeles is hereby amended to read:

An office becomes vacant when the incumbent thereof dies, resigns, is adjudged insane, convicted of a felony, or of an offense involving a violation of his or her official duties, or is removed from office, or shall have been absent from the City without the consent of the Council for more than sixty consecutive days, or ceases to be a resident of the City, where residence therein is made a qualification for the office. An offense involving a violation of official duties includes without limitation a violation of the conflict of interest and government ethics provisions of this Charter or City ordinances; provided, however, that removal from office for violating conflict of interest or governmental ethics provisions shall be required only if a court determines that the seriousness of the offense and degree of culpability of the officer so warrant. Should any officer fail to qualify within ten days from the time he receives his certificate of election or appointment, the office to which he was elected or appointed shall be deemed vacant for the purpose of filling the same by appointment.

Sec. 16. Section 65 is hereby added to the Charter of the City of Los Angeles to read as follows:

Sec. 65. Compensation of Elected Officers and Limitation on Outside Activities.

(a) **Compensation.** The Mayor, City Attorney, Controller, and Members of the City Council shall receive compensation for their services only as provided in this section and shall not receive any other compensation for such services.

(1) **Salaries.** Members of the City Council shall be paid a salary equal to that prescribed by law for judges of the Municipal Court of the Los Angeles Judicial District or its successor in the event such Court is dissolved or reconstituted.

The Controller shall be paid a salary that is 10% more than that of a Council member. The City Attorney shall be paid a salary that is 20% more than that of a Council member. The Mayor shall be paid a salary that is 30% more than that of a Council member.

The Controller shall be responsible for ascertaining the salary of Municipal Court judges and for setting and adjusting the salaries of elected officers in accordance with this section. Salaries shall be paid in bi-weekly increments unless the Council, by ordinance, prescribes otherwise.

(2) **Other Benefits.** The Council may, by ordinance subject to referendum as specified in Charter sections 281 and 282 et seq., confer benefits other than salary upon elected officers as additional compensation for their services; provided, however, that benefits from the City Employees Retirement System may not be so provided for said elected officers that would exceed benefits generally provided to members of the System who are nonrepresented officers or employees of the City or, if there are no such nonrepresented officers or employees, that would exceed benefits generally provided to other members of the System.

(3) **Operative Date of Changes in Salaries.** The salaries of elected officers shall be adjusted in the manner provided herein upon the effective date of this section and thereafter upon the effective date of any change in the salaries of Municipal Court judges.

(4) Holders of the Offices of Mayor, City Attorney, Controller, and Members of the Council at the time this section takes legal effect ("incumbents") shall have the option of receiving compensation during the remainder of their current respective terms of office as provided for in this subdivision (4) ("the alternative salary") rather than as provided for in subdivisions (1) — (3) above.

(i) An incumbent wishing to exercise the option to receive the alternative salary must so advise the City Clerk and the Controller in writing within 10 days after this section takes legal effect. The exercise of such option shall be irrevocable.

(ii) The alternative salary for fiscal year 1990-91 shall be equal to the salary prescribed by ordinance for fiscal year 1989-90 increased by 5% of the salary prescribed by ordinance for fiscal year 1988-89. The alternative salary for fiscal year 1991-92 shall be equal to 105% of the alternative salary for the prior fiscal year. The alternative salary for fiscal year 1992-93 shall be equal to the alternative salary for the prior fiscal year increased by 5% of the alternative salary for fiscal year 1990-91.

(iii) As to any office as to which the incumbent has opted to receive the alternative salary, the Controller shall calculate the alternative salary for each fiscal year (other than the current fiscal year) remaining in the incumbent's term. Alternative salaries shall be operative as of the beginning of the fiscal year to which they relate. The first fiscal year as to

which alternative salaries shall be available shall be the 1990-91 fiscal year. An incumbent opting to receive the alternative salary shall continue to receive his or her 1989-90 salary from the date this section takes legal effect through June 30, 1990. Alternative salaries shall be paid in bi-weekly increments unless the Council, by ordinance, prescribes otherwise.

(iv) The alternative salary option shall not be available to incumbents for terms subsequent to their current terms, nor to their successors. Should an incumbent who has opted to receive the alternative salary leave office prior to the end of his or her current term, the incumbent's successor or successors shall be compensated as specified in subdivisions (1)-(3) above during the remainder of such term.

(b) **Restrictions on Outside Activities.** The Mayor, City Attorney, Controller, and Members of the City Council shall devote their entire time to duties related to their offices. They shall not receive any compensation, including honoraria, for their services other than that provided in this section, except that which may be provided for their serving on governmental entities where payment is authorized for other governmental officers or employees serving in such capacity.

Sec. 17. Sections 65.5 and 65.6 of the Charter of the City of Los Angeles are hereby repealed.

Sec. 65.5. The following officers of the City shall receive, in full compensation for all services of every kind whatever rendered by them, the following salaries, payable in monthly installments, or oftener, as the Council by ordinance may direct: the Mayor shall receive \$35,000 per annum; the City Attorney shall receive \$32,000 per annum; the Controller shall receive \$25,000 per annum; each Councilman shall receive \$17,000 per annum.

Sec. 65.6. Elected Officers Salaries

On or before March 1 of each odd numbered year, the Mayor shall appoint, subject to the approval of the Council, five persons to an Official Salaries Authority. Within one week of the Mayor's last appointment, the President of the Council, subject to the approval of the Council, shall appoint four additional members. The Authority shall study the adequacy of the annual salaries paid to the Offices of Mayor, City Attorney, Controller, and Members of the Council.

All members shall be electors of the city. The Mayor and the President of the Council, in making their appointments, are

directed, insofar as practicable, to select members recommended by persons and organizations representative of the fields of higher education, labor, business, the professions, women's organizations and minority groups, and in appointing all members to give regard to the distribution of appointments to persons residing in various areas of the city.

No person shall be eligible to membership on the Authority who is, or within five years prior to his appointment has been, an officer or employee of the city, or has been a representative or appointee of the city to any other governmental body; or has, within five years prior to his appointment, had any contractual relations with the city, or an ownership interest of more than three percent in any business entity which had contractual relations with the city.

The Mayor shall designate who shall act as temporary chairman of the Authority, who shall have power to fix the time for its first meeting. Thereafter, the Authority shall elect its officers and control the conduct of its proceedings.

On or before June 1 following its appointment, the Official Salaries Authority shall file with the City Council a report recommending either that no change be made in the annual compensation for the Offices of Mayor, City Attorney, Controller, and members of the City Council, or that a change, either increase or decrease, be made and the extent thereof. Unless a recommendation for change is concurred in by a majority of all members of the Authority, it shall be deemed a recommendation for no change.

The City Council may take no action on the recommendations or it may, by ordinance, which shall be adopted by not less than a two thirds vote, be published, and be subject to referendum as provided in this Charter, establish the salaries for the indicated elected offices at any level not in excess of the salary recommended for each office; provided, however, that once salaries have been initially established as provided in this section, no increase in the annual salary for an office shall thereafter be greater than five percent for each calendar year following the operative date of the most recent change for the salary for that office. If the compensation of more than one office is to be increased or decreased, all such increases and decreases shall be included in one ordinance. No more than one salary setting ordinance shall be adopted on the basis of the recommendations made by the Official Salaries Authority in any one year. No change in compensation provided for in this section shall go into effect prior to July 1 of the year in which the

~~recommendations of the Authority are made. Any compensation fixed as provided in this section shall be full compensation for all services for the city performed by the persons holding the office.~~

~~The Council shall provide space for the meetings and work of the Authority and may authorize any City office or department to provide staff assistance and supplies. Members shall serve without compensation, but shall be entitled to reimbursement of authorized expenses. The Authority shall cease to exist thirty days after its report is filed with the City Council. Its records shall be filed with the City Clerk.~~

~~The salaries last fixed for elected officers shall continue to be paid until changed as provided in this section.~~

Sec. 18. Section 430 of the City Charter of the City of Los Angeles is hereby amended to read as follows:

Sec. 430. If any section, subsection, sentence, clause or phrase of this Charter, **or any amendment thereto**, is for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this Charter. The people of the City of Los Angeles hereby declare that they would have ratified and adopted, and the Legislature hereby declares that it would have approved this Charter and each section, subsection, sentence, clause and phrase thereof, **and any amendment thereto**, irrespective of the fact that any one or more other sections, subsections, sentences, clauses, or phrases **or amendment** be declared unconstitutional.

Sec. 19. A new Section 314 is hereby added to the Charter of the City of Los Angeles to read as follows:

Section 314. Those Charter provisions adopted by the electorate on June 5, 1990 in the form of an added Subdivision 3 to Subsection B of Section 312, amendments to Subdivisions 1, 2, 3, 4, 5, 6 and 7, of Subsection C, to Section 312, amendments to Subdivision 9 of Subsection C, to Subdivision 11 of Subsection C, to paragraph (1) of Subdivision 12 of Subsection C, to Subsection G, to the second unnumbered paragraph of Subsection H, to Subsections N and O of Charter Section 312, and the new Charter Section 313, shall become operative on July 1, 1991, except that Subdivisions 1 and 2 of Subsection C of said Charter Section 313 shall become operative upon acceptance and filing of the Charter Amendment by the Secretary of State.

COST OF LIVING ADJUSTMENTS. CHARTER AMENDMENT I.

Shall Sections 184.9 and 190.141 of the Charter be amended to provide that eligible survivors of firefighters or police officers who die due to service-connected causes while on active duty shall commence to receive cost of living adjustments as of the 1st of July following the effective date of their pension and to provide that such cost of living adjustments are retroactively effective as of July 1, 1989?

IMPARTIAL SUMMARY

BY WILLIAM R. McCARLEY, CHIEF LEGISLATIVE ANALYST

The City Charter provides for three different pension systems for firefighters and police officers. Each City firefighter and police officer belongs to one of these systems depending on when he or she was hired. Those hired on or before December 7, 1980 are covered by either Article XVII ("Pension System") or Article XVIII ("New Pension System"). Those hired after that date are covered by Article XXXV ("Safety Members Pension Plan"). These systems are separate and the provisions of each system are different.

Each system grants pension benefits to its retirees based on a member's number of years of service and salary level. The amount of the pension granted to the retired member or the member's surviving dependent can be adjusted periodically based on changes in the cost of living.

Currently, all pensions granted under Article XXXV are eligible for these cost of living adjustments beginning on the July 1st immediately following the effective date of the pension. In contrast, the other two Articles contain provisions which can delay up to several years before some pensions are eligible for these adjustments.

Article XVII now provides that the surviving spouse or dependent of a firefighter or a police officer who dies from service connected causes while on active duty does not become eligible for a cost of living adjustment until after the date on which the deceased member would have reached age 55 or on the fifth anniversary of the granting of the pension, whichever comes first. Similarly, Article XVIII provides that the pension

is not eligible for a cost of living adjustment until the date the deceased member would have had 26 years of service or the fifth anniversary of the granting of the pension, whichever comes first.

This proposed Charter Amendment would revise Articles XVII and XVIII to eliminate the minimum age or years of service requirement which can delay certain eligible spouses' and dependents' in receiving cost of living adjustments to their survivors pensions. This measure would instead make these pension recipients eligible to receive cost of living adjustments on the July 1st following the effective date of their pension regardless of the number of years of service or age which the deceased member had reached. Article XXXV which currently contains such provision would not be affected by this amendment.

ARGUMENT IN FAVOR OF PROPOSED CHARTER AMENDMENT I

Los Angeles City firefighters and police officers daily place their lives on the line in order to protect our citizens and their property.

All too often some of them lose their lives.

When that happens, the loss to their families is often compounded by City Charter provisions which delay cost-of-living adjustments (COLA) to the pensions paid to their surviving spouses.

The surviving spouses of firefighters and police officers hired after December 7, 1980, already are eligible for an immediate COLA; but the widows and widowers of firefighters and police officers who were hired before December 8, 1980, and did not have 25 years of service at the time of their death, must wait up to five years for a cost-of-living adjustment to their pensions. This can impose great hardships on families trying to cope with the loss of a breadwinner.

A YES vote on this proposition would eliminate this inequity in the Charter. It would amend Sections 184.9 and 190.141 of the Charter to provide that eligible survivors of firefighters and police officers who die from service-connected causes while on active duty would receive the COLA to their pension benefits on July 1 following the police officer's or firefighter's death.

There is no better way to show our appreciation for the sacrifices of firefighters and police officers than to assure them that their families will be taken care of in case of their death in the line of duty.

Vote YES on Proposition I.

RICHARD ALATORRE
Councilman, 14th District

JOEL WACHS
Councilman, 2nd District

MICHAEL WOO
Councilman, 13th District

JOY PICUS
Councilwoman, 3rd District

JOHN FERRARO
President, Los Angeles
City Council

LT. GEORGE V. ALIANO
President, Los Angeles
Police Protective League

Arguments printed on this page are the opinions of the authors and are not checked for accuracy by any City agency.

RUTH GALANTER
Councilwoman, 6th District

KENNETH E. BUZZELL
United Firefighters
of Los Angeles

New provisions or language added to the Charter or to existing Charter Sections are shown in **boldface** type; words deleted from the Charter or from existing Charter sections are shown in ~~strikeout~~ type.

DONALD O. MANNING
Fire Chief, City of
Los Angeles

NO ARGUMENT AGAINST THIS MEASURE WAS SUBMITTED.

CHARTER AMENDMENT I

PROPOSED CHARTER AMENDMENT ON COST OF LIVING ADJUSTMENTS

Articles XVII and XVIII of the Charter of the City of Los Angeles are hereby amended by amending Section 184.9 of Article XVII and Section 190.141 of Article XVIII. Section 184.9 is amended by amending paragraph (2) of subsection (B) thereof and by adding a new paragraph (4) to said subsection (B). Section 190.141 is amended by amending paragraphs (1), (2), and (3) of subsection (B) thereof and by adding a new paragraph (4) to said subsection (B). The sections, subsections and paragraphs as amended and as added are to read as follows:

Subsection (B) of Section 184.9 is amended to read:

(B) The percentage of increase or decrease in the cost of living hereafter shall be applied pursuant to Section 184.7 and the terms and conditions contained in this section:

(1) To the pension of any retired member, heretofore or hereafter retired pursuant to Section 182, upon the July 1st following (a) the date of his retirement or (b) the effective date of this paragraph of this section, whichever shall be the later; or Section 182 $\frac{1}{4}$, upon the July 1st following (a) the date he shall have attained the age of 55 years or (b) the fifth anniversary of the effective date of the pension, whichever shall be the earlier;

(2) To the pension of any person, (a) heretofore or hereafter granted pursuant to Section 183 or Section 183 $\frac{1}{2}$ upon the death of an active member not eligible to retire pursuant to Section 181, (b) heretofore or hereafter granted pursuant to Section 183 upon the death of an active member eligible to retire pursuant to Section 181 and which pension of such person is identified in Paragraph (4) or Paragraph (5) of Section 184.7, (c) heretofore granted pursuant to Section 183 $\frac{1}{2}$ upon the death of a retired member theretofore retired pursuant to Section 182 $\frac{1}{4}$, or (d) hereafter granted pursuant to Section 183 $\frac{1}{2}$ upon the death of a retired member theretofore retired pursuant to Section 182 $\frac{1}{4}$ where the amount of the pension shall be calculated upon the salary specified in Section 183 $\frac{1}{2}$ by reason of such person's written election therefor pursuant to Section 183.6, upon the July 1st following (I) the date such member shall have attained the age of 55 years, (II) the date such member would

have attained such age if he then had been alive or (III) the fifth anniversary of the effective date of the pension of such person, whichever shall be the earliest; and provided, however, that pensions described in Paragraph (4) of this subsection shall be adjusted upon the effective date specified in said paragraph;

(3) To the pension of any person, (a) heretofore or hereafter granted pursuant to Section 183 upon the death of a retired member theretofore retired pursuant to Section 182; (b) heretofore or hereafter granted pursuant to Section 183 upon the death of a retired member theretofore retired pursuant to Section 181 and which pension of such person is identified in Paragraph (4) or Paragraph (5) of Section 184.7, or (c) hereafter granted pursuant to Section 183½ upon the death of a retired member theretofore retired pursuant to Section 182½ where the amount of the pension shall be calculated upon the salary specified in Section 182½ by reason of such person's written election therefor pursuant to Section 183.6, upon the July 1st following (I) the date such member shall have attained the age of 55 years, (II) the date such member would have attained such age if he then had been alive or (III) the fifth anniversary of the effective date of the pension of such member, whichever shall be the earliest; and

(4) To the pension of any person, heretofore or hereafter granted on account of the death of an active member of the Fire or Police Department who died as a result of any injury received during the performance of his or her duties, or from sickness caused by the discharge of such duties, upon the July 1st following the effective date of such pension; provided, however, that if such pension became effective before July 1, 1989, it shall be retroactively adjusted as of July 1, 1989.

Subsection (B) of Section 190.141 is amended to read:

(B) The percentage of increase or decrease in the cost of living hereafter shall be applied pursuant to Section 190.14 and the terms and conditions contained in this section:

(1) To the pension of any Retired Member, heretofore or hereafter granted pursuant to Subsection (a) of Section 190.12, upon the July 1st following (a) the date of his retirement or (b) the effective date of this paragraph of this section, whichever shall be the later; or Subsection (b) of Section 190.12, upon the July 1st following (a) the date he shall have had 25 years of service, (b) the date he would have had 25 years of service if he theretofore had not retired or (c) the fifth anniversary of the effective date of the pension, whichever shall be the earliest;

(2) To the pension of any Beneficiary, (a) heretofore or hereafter granted pursuant to Paragraph (1) or Paragraph (2) of Subsection (a) of Section 190.13 upon the death of a Department Member not eligible to retire pursuant to Section 190.11, or (b) heretofore or hereafter granted pursuant to Paragraph (6) of Subsection (a) of Section 190.13 upon the death of a Department Member eligible to retire pursuant to Section 190.11 and which pension of such Beneficiary is identified in Paragraph (3) or Paragraph (4) of Subsection (b) of Section 190.14, upon the July 1st following (I) the date such member shall have had 26 years of service, (II) the date such member would have had 26 years of service if he then had been alive or (III) the fifth anniversary of the effective date of the pension of such Beneficiary, whichever shall be the earliest; and

(2) To the pension of any Beneficiary heretofore or hereafter granted on account of the death of an active System Member who died as a result of any injury received during the performance of his or her duties or from sickness caused by the discharge of such duties, upon the July 1st following the effective date of such Beneficiary's pension; provided, however, that if such pension became effective before July 1, 1989, it shall be retroactively adjusted as of July 1, 1989;

(3) To the pension of any Beneficiary, (a) heretofore or hereafter granted pursuant to Paragraph (5) of Subsection (a) of Section 190.13 upon the death of a Retired Member theretofore retired pursuant to Section 190.11 and which pension of such Beneficiary is identified in Paragraph (3) or Paragraph (4) of Subsection (b) of Section 190.14, (b) heretofore or hereafter granted pursuant to Paragraph (3) of subsection (a) of Section 190.13 upon the death of a Retired Member theretofore retired pursuant to Subsection (a) of Section 190.12, or (c) heretofore or hereafter granted pursuant to Paragraph (4) of Subsection (a) of Section 190.13 upon the death of a Retired Member, theretofore retired pursuant to Subsection (b) of Section 190.12, upon the July 1st following (I) the date such member shall have had 26 years of service, (II) the date such member would have had 26 years of service if he theretofore had not retired and then had been alive or (III) the fifth anniversary of the effective date of the pension of such member, whichever shall be the earliest; and

(4) To the pension of any Beneficiary, (a) heretofore or hereafter granted pursuant to Paragraph (2) of Subsection (a) of Section 190.13 upon the death of a Department Member not eligible to retire pursuant to Section 190.11, or (b) heretofore or hereafter granted pursuant to Paragraph (6) of Subsection (a) of Section 190.13 upon the death of a Department Member eligible to retire pursuant to Section 190.11 and which pension of such Beneficiary is identified in Paragraph (3) or Paragraph (4) of Subsection (b) of

Section 190.14, upon the July 1st following (I) the date such member shall have had 26 years of service, (II) the date such member would have had 26 years of service if he then had been alive or (III) the fifth anniversary of the effective date of the pension of such Beneficiary, whichever shall be the earliest.

J COMPLIANCE WITH INTERNAL REVENUE CODE PENSION LIMITATIONS. CHARTER AMENDMENT J.

Shall Sections 189.1, 190.51, and 536.1, be added to the City Charter to provide that the City's three fire and police pension systems maintain their tax-qualified status by adhering to the pension limitations of Section 415 of the Internal Revenue Code; and shall the City Council have ordinance authority to provide supplemental benefits to avoid loss of pension entitlements?

IMPARTIAL SUMMARY

BY WILLIAM R. McCARLEY, CHIEF LEGISLATIVE ANALYST

This measure would amend Charter provisions affecting the City's three fire and police pension systems. The Internal Revenue Code (IRC) establishes requirements for tax-qualified pension plans and these requirements have been changed. The measure is in response to certain modifications which have been made to the portions of the IRC governing public pension plans, and is not intended to increase or diminish City provided pension benefits.

Most government retirement systems are designed to be "tax-qualified" under the IRC. Tax-qualified systems allow employees to defer paying taxes on their pension benefits until they are paid at retirement. To have this "qualified" status, a system must meet a number of complex rules. All of the City's pension systems are tax-qualified and must therefore comply with the IRC to maintain this status.

One of the IRC sections that pension plans must comply with is Section 415. This section establishes limits on the amount of retirement benefits an employer can pay from a qualified plan. All employees must comply with the new limits. If even just one employee earns benefits exceeding the limits, the entire pension plan can be disqualified. Members of a non-qualified plan are taxed in advance of receiving retirement benefits. Their income is normally higher at that time than it is after retirement, and thus they could experience increased tax liability.

A recent change to Section 415 allows public employers, such as the City, to "grandfather" or protect the benefits of employee who were in pension plans before January 1, 1990, in exchange for complying with

stricter limits for employees who join plans after that date. This change allows public employers to comply with Section 415 without taking away existing benefits from current employees.

Only a Charter Amendment can change the provisions of the City Fire and Police Pension System. This proposed Charter Amendment will enable the City to:

- (1) comply with Section 415, and
- (2) implement the "grandfather" provisions.

It will thereby protect the tax-qualified status of the Pension System, and maintain current benefit levels for affected police and fire employees.

This Amendment would also create a means of providing current benefits for employees who join the plan after January 1, 1990, by allowing the City Council to adopt supplemental tax-qualified or non-qualified plans. These plans could provide pension benefits in excess of the Section 415 limits. The pension benefits provided by such supplemental plan(s) could be comparable to that provided under the qualified plan and, therefore, would not result in additional benefit costs.

Similar changes have already been made to the pension system of the City's civilian workforce.

ARGUMENT IN FAVOR OF PROPOSED CHARTER AMENDMENT J

Charter Amendment J will allow the fire and police pension systems to comply with changes in Federal tax laws.

IT WILL NOT ADD BENEFITS OR INCREASE PENSION BENEFIT COSTS. It will allow the City Council to make changes so that the systems remain in compliance with tax laws and maintain current benefit levels.

Failure to approve the change could result in the fire and police pension system violating federal tax laws. Current employees could suffer severe tax effects.

The same type of change has already been made to public pension plans throughout the nation, including systems of the State of California, the County of Los Angeles and those covering civilian employees of the City. The pension system covering the City's police officers, firefighters and paramedics should also be protected.

This change has been recommended by the City's actuarial consultant. It is a common sense change. VOTE YES ON CHARTER AMENDMENT J.

RICHARD ALATORRE
Councilman, 14th District

DONALD O. MANNING
Fire Chief, City of
Los Angeles

JOHN FERRARO
President, Los Angeles
City Council

LT. GEORGE V. ALIANO
President, Los Angeles
Police Protective League

JOEL WACHS
Councilman, 2nd District

KENNETH E. BUZZELL
United Firefighters
of Los Angeles

NO ARGUMENT AGAINST THIS MEASURE WAS SUBMITTED.

Arguments printed on this page are the opinions of the authors and are not checked for accuracy by any City agency.

New provisions or language added to the Charter or to existing Charter Sections are shown in **boldface** type; words deleted from the Charter or from existing Charter sections are shown in ~~strikeout~~ type.

CHARTER AMENDMENT J

PROPOSED CHARTER AMENDMENT ON COMPLIANCE WITH INTERNAL REVENUE CODE PENSION LIMITATIONS

Articles XVII, XVIII, XXXV of the Charter of the City of Los Angeles are hereby amended by adding Section 189.1 to Article XVII, Section 190.51 to Article XVIII and Section 536.1 to Article XXXV. The Sections as added are to read as follows:

Section 189.1 is added to read:

Sec. 189.1 (A) With the enactment of this section an election has been made as authorized under the provisions of Section 415 (b) (10) (C) of the Internal Revenue Code to be bound by the limitations of Section 415 of said Code subject to the provisions of Section 415 (b) (10) (A) and (B) thereof.

(B) If any of the provisions of Section 415 of the Internal Revenue Code should be repealed, the provisions of this Section shall be deemed repealed to the same extent.

Section 190.51 is added to read:

Sec. 190.51. Compliance with Certain Internal Revenue Code Provisions.

(A) With the enactment of this Section an election has been made as authorized under the provisions of Section 415 (b) (10) (C) of the Internal Revenue Code to be bound by the limitations of Section 415 of said Code subject to the provisions of Section 415 (b) and (B) thereof.

(B) If any of the provisions of Section 415 of the Internal Revenue Code should be repealed, the provisions of this Section shall be deemed repealed to the same extent.

Section 536.1 is added to read:

Sec. 536.1. Compliance with Certain Internal Revenue Code Provisions.

(a) Notwithstanding any other provisions of this Article, the benefits payable to any person who became a plan member prior to January 1, 1990, shall be subject to the greater of the following limitations:

(1) The limitations set forth in Section 415 of the Internal Revenue Code; or

(2) The accrued benefit of the plan member of the Safety Members Pension Plan (determined without regard to any amendment to the Plan made after October 14, 1987), as provided in Section 415 (b) (10) (A) of the Internal Revenue Code.

(b) The benefits payable to any person who becomes a plan member on or after January 1, 1990, shall be subject to the limitations set forth in Section 415 of the Internal Revenue Code.

(c) The City Council shall, by Ordinance, provide such benefits as are necessary to preserve the level of benefits in effect prior to the effective date of this Section.

(d) Should it be determined that the provisions of Charter Section 532(a)(1) violate the limitations of Section 415 or the incidental death benefit provisions of the Internal Revenue Code, Section 532(a)(1) shall be deemed inapplicable to the extent necessary to achieve compliance. The City Council shall by ordinance, adopt such measures as are necessary to achieve compliance and to preserve the level of benefits in effect prior to the effective date of this Section.

(e) Ordinances adopted pursuant to this Section shall be adopted in the same manner as those authorized by Charter Section 536, except however any Ordinances adopted shall be effective upon publication.

(f) If any of the provisions of Section 415 of the Internal Revenue Code should be repealed, the provisions of this Section shall be deemed repealed to the same extent.

(g) All benefits provided pursuant to any Ordinance adopted under the provisions of subsection (e) shall be administered by the Board of Pension Commissioners. A separate and distinct fund or funds shall be created by the Board of Pension Commissioners as required to administer such benefits. Such fund or funds shall not contain employee contributions. The Board shall also determine the manner of funding any liabilities incurred as a result of ordinances adopted pursuant to this Section.

Election Day is Tuesday, June 5, 1990.



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